



State of Wisconsin  
2009 - 2010 LEGISLATURE

LRB-1578/P6

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DOA:.....Weidner, BB0434 - Forward Innovation Fund

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

1 AN ACT <sup>Do Not Gen</sup> relating to: the budget.

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*Analysis by the Legislative Reference Bureau*  
**COMMERCE AND ECONOMIC DEVELOPMENT**

**ECONOMIC DEVELOPMENT**

Under current law, the Department of Commerce (Commerce) may award grants under the Community-Based Economic Development Program to community-based organizations and political subdivisions. Recipients of a grant under this program must undertake certain eligible activities, which include providing assistance to businesses and entrepreneurs that will, in turn, provide jobs in the community.

Under current law, at the request of the Rural Economic Development Board in Commerce, Commerce may award grants or loans under the Rural Economic Development Program to a business located in a rural municipality if the business is starting or expanding its operations and agrees to use the grant or loan to undertake certain eligible activities.

Under current law, the Minority Business Development Board in Commerce may award a grant or loan under the Minority Business Grant and Loan Program to a minority group member, a minority business, certain nonprofit organizations, or private financial institutions. The recipient of a grant or loan under the Minority Business Grant and Loan Program must agree to undertake certain eligible activities, which includes education and training projects or the start-up, expansion, or acquisition of a business.

Under current law, the Development Finance Board in Commerce awards grants under the Wisconsin Development Fund program.

This bill eliminates the Community-Based Economic Development Program, the Rural Economic Development Program and Rural Economic Development Board, the Minority Business Grant and Loan Program and Minority Business Development Board, and the Development Finance Board. The bill creates the Economic Policy Board. The responsibilities of the Development Finance Board will be assumed by the Economic Policy Board (board), which will have the following members:

1. The secretary of Commerce or his or her designee.
2. The secretary of DWD or his or her designee.
3. The director of the Technical College System or his or her designee.
4. Six other members nominated by the governor, and with the advice and consent of the senate, appointed, for two-year terms. These members shall represent the scientific, technical, labor, small business, minority business, rural, and financial communities of this state.

5. One member appointed by the speaker of the assembly.

6. One member appointed by the senate majority leader.

The bill also creates the forward innovation fund (FIF). Under the FIF, Commerce may, in consultation with the board, award grants or make loans to the following eligible recipients to undertake certain eligible activities:

1. Businesses.
2. Municipalities.
3. Community-based organizations.
4. Cooperative associations.
5. Local development corporations.
6. Nonprofit organizations working on economic or community development.

Eligible activities under the FIF include:

1. The start-up, expansion, or retention of minority businesses.
2. The start-up, expansion, or retention of businesses in economically distressed areas.
3. Innovative proposals to strengthen inner cities.
4. Innovative proposals to strengthen rural communities.
5. Innovative programs to strengthen clusters.
6. Innovative proposals to strengthen entrepreneurship.

Recipients of a grant or loan from the FIF must provide a 25 percent match. Commerce must promulgate rules to implement and administer the FIF.

Under current law, Commerce may award grants to the Wisconsin Business Initiative Corporation (WBIC) from the Community-Based Economic Development appropriation account. This bill creates an appropriation account for grants to the WBIC.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1       **SECTION 1.** 15.155 (1) of the statutes is repealed.

2       **SECTION 2.** 15.155 (2) of the statutes is created to read:

3       15.155 (2) ECONOMIC POLICY BOARD. (a) There is created an economic policy  
4 board attached to the department of commerce under s. 15.03 consisting of all of the  
5 following:

6       1. The secretary of commerce or the secretary's designee.

7       2. The secretary of workforce development or the secretary's designee.

8       3. The director of the technical college system or the director's designee.

9       4. Six other members nominated by the governor, and with the advice and  
10 consent of the senate appointed, for 2-year terms.

11       5. One member appointed by the speaker of the assembly.

12       6. One member appointed by the senate majority leader.

13       (b) The members appointed under par. (a) 4. shall represent the scientific,  
14 technical, labor, small business, minority business, as defined in s. 560.036 (1) (e),  
15 rural, and financial communities of this state.

16       **SECTION 3.** 15.155 (3) of the statutes is repealed.

17       **SECTION 4.** 15.155 (4) of the statutes is repealed.

18       **SECTION 5.** 20.143 (1) (er) of the statutes is repealed.

      \*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

19       **SECTION 6.** 20.143 (1) (fg) of the statutes is repealed.

      \*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

1       **SECTION 7.** 20.143 (1) (fi) of the statutes is created to read:

2       20.143 (1) (fi) *Forward innovation fund; grants and loans.* Biennially, the  
3       amounts in the schedule for grants and loans under subch. II of ch. 560.

      \*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be  
      reflected in the revised schedule in s. 20.005, stats.

4       **SECTION 8.** 20.143 (1) (fm) of the statutes is repealed.

      \*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be  
      reflected in the revised schedule in s. 20.005, stats.

5       **SECTION 9.** 20.143 (1) (fw) of the statutes is created to read:

6       20.143 (1) (fw) *Women's business initiative corporation.* The amounts in the  
7       schedule for grants to the women's business initiative corporation under s. 560.037.

      \*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be  
      reflected in the revised schedule in s. 20.005, stats.

8       **SECTION 10.** 20.143 (1) (im) of the statutes is repealed.

      \*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be  
      reflected in the revised schedule in s. 20.005, stats.

9       **SECTION 11.** 20.143 (1) (io) of the statutes is created to read:

10       20.143 (1) (io) *Grant and loan repayments; forward innovation fund.* All  
11       moneys received in repayment of grants or loans under subch. II of ch. 560, <sup>loans under 1997 Wisconsin Act 9, section 3, and on or after July 1, 2009;</sup> loans  
12       under s. 560.17, 2007 stats., <sup>and</sup> grants or loans under s. 560.82 (1m) (b) and (c), 2007  
13       stats., and loans under 1997 Wisconsin Act 9, section 3, to be used for grants and  
14       loans under subch. II of ch. 560.

      \*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be  
      reflected in the revised schedule in s. 20.005, stats.

15       **SECTION 12.** 20.143 (1) (ir) of the statutes is repealed.

      \*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be  
      reflected in the revised schedule in s. 20.005, stats.

16       **SECTION 13.** 25.17 (59) of the statutes is repealed.

17       **SECTION 14.** 34.045 (1m) of the statutes is repealed.

18       **SECTION 15.** 34.05 (1) of the statutes is amended to read:

1           34.05 (1) ~~Except as provided in sub. (4), the~~ The governing board of each public  
2       depositor shall, by resolution, designate one or more public depositories, organized  
3       and doing business under the laws of this state or federal law and located in this  
4       state, in which the treasurer of the governing board shall deposit all public moneys  
5       received by him or her and specify whether the moneys shall be maintained in time  
6       deposits subject to the limitations of s. 66.0603 (1m), demand deposits, or savings  
7       deposits and whether a surety bond or other security shall be required to be  
8       furnished under s. 34.07 by the public depository to secure the repayment of such  
9       deposits. A designation of a public depository by the governing board shall be a  
10      designation of the public depository for all treasurers of the governing board and for  
11      all public depositors for which each treasurer shall act.

12           **SECTION 16.** 34.05 (4) of the statutes is repealed.

13           **SECTION 17.** 38.04 (4) (ag) of the statutes is amended to read:

14           38.04 (4) (ag) A program approved by the ~~development finance~~ economic policy  
15      board under subch. IV V of ch. 560 is exempt from board approval under par. (a).

16           **SECTION 18.** 66.1305 (2) (a) 2. of the statutes is repealed and recreated to read:

17           66.1305 (2) (a) 2. "Technology-based incubator" means a facility that provides  
18      a new or expanding technically-oriented business with all of the following:

- 19           a. Office and laboratory space.  
20           b. Shared clerical and other support service.  
21           c. Managerial and technical assistance.

22           **SECTION 19.** 66.1305 (2) (c) 3. of the statutes is repealed.

23           **SECTION 20.** 66.1333 (2m) (d) 8. of the statutes is amended to read:

24           66.1333 (2m) (d) 8. Studying the feasibility of an initial design for a  
25      technology-based incubator, and developing and operating a technology-based

1 incubator and applying for a grant under s. 560.14 (3) in connection with a  
2 technology-based incubator.

3 **SECTION 21.** 66.1333 (2m) (t) of the statutes is repealed and recreated to read:

4 66.1333 (2m) (t) "Technology-based incubator" means a facility that provides  
5 a new or expanding technically-oriented business with all of the following:

- 6 1. Office and laboratory space.
- 7 2. Shared clerical and other support service.
- 8 3. Managerial and technical assistance.

9 **SECTION 22.** 84.185 (1) (ce) of the statutes is amended to read:

10 84.185 (1) (ce) "Job" ~~has the meaning specified in s. 560.17 (1) (bm)~~ means a  
11 position providing full-time equivalent employment. "Job" does not include initial  
12 training before an employment position begins.

13 **SECTION 23.** 560.031 of the statutes is amended to read:

14 **560.031 Grants for ethanol production facilities.** Notwithstanding ss. s.  
15 560.138 (2) (a) and 560.17 (3), the department may not make a grant for an ethanol  
16 production facility on which construction begins after July 27, 2005, unless a  
17 competitive bidding process is used for the construction of the ethanol production  
18 facility.

19 **SECTION 24.** 560.037 (1) (intro.) of the statutes is amended to read:

20 560.037 (1) (intro.) Subject to sub. (3), the department may make grants from  
21 the appropriation under s. 20.143 (1) (~~fg~~) (fw) to the women's business initiative  
22 corporation to fund its operating costs if all of the following apply:

23 **SECTION 25.** 560.126 (2) (b) 2. of the statutes is amended to read:

24 560.126 (2) (b) 2. Whether the applicant is a small business, a minority owned  
25 business under s. 560.80 (8) 560.036 (1) (e), a locally owned business, or a farm.

**SECTION 26.** 560.13 (2) (b) 1. of the statutes is amended to read:

560.13 (2) (b) 1. The contribution required under par. (a) 3. may be in cash or in-kind. Cash contributions may be of private or public funds, excluding funds obtained under ~~the program under s. 560.17 or under any program under subch. II~~ II ~~or V or VII~~ of this chapter. In-kind contributions shall be limited to actual remediation services.

**SECTION 27.** 560.138 (1) (at) of the statutes is renumbered 560.138 (1) (at) (intro.) and amended to read:

560.138 (1) (at) (intro.) “Professional services” has the meaning given in s. 560.17 (1) (c). includes all of the following:

**SECTION 28.** 560.138 (1) (at) 1., 2., 3. and 4. of the statutes are created to read:

560.138 (1) (at) 1. Preparing preliminary feasibility studies, feasibility studies,  
or business and financial plans.

2. Providing a financial package.

3. Performing engineering studies, appraisals, or marketing assistance.

4. Providing related legal, accounting, or managerial services.

**SECTION 29.** 560.14 of the statutes is repealed.

**SECTION 30.** 560.17 of the statutes is repealed.

**SECTION 31.** Subchapter II of chapter 560 [precedes 560.30] of the statutes is created to read:

## CHAPTER 560

## SUBCHAPTER II

FORWARD INNOVATION FUND

**SECTION 32.** 560.30 of the statutes is created to read:

**560.30 Definitions.** In this subchapter:

1           (1) "Board" means the economic policy board created under s. 15.155 (2).

2           (2) "Business" means a company located in this state, a company that has made  
3 a firm commitment to locate a facility in this state, or a group of companies at least  
4 80 percent of which are located in this state.

5           (3) "Cluster" means a geographic, categorical, horizontal, or vertical  
6 concentration of interconnected, interdependent, or synergistic businesses,  
7 industries, research centers, or venues for the performance, creation, or display of  
8 the arts.

9           (4) "Community-based organization" means an organization that is involved  
10 in economic development and helps businesses that are likely to employ persons.

11           (5) "Economically distressed area" means an area designated by the  
12 department using the methodology established by rule under s. 560.301 (2).

13           (6) "Eligible activity" means any of the following:

14           (a) The start-up, expansion, or retention of minority businesses.

15           (b) The start-up, expansion, or retention of businesses in economically  
16 distressed areas.

17           (c) Innovative proposals to strengthen inner cities.

18           (d) Innovative proposals to strengthen communities in rural municipalities.

19           (e) Innovative programs to strengthen clusters.

20           (f) Innovative proposals to strengthen entrepreneurship.

21           (7) "Eligible recipient" means any of the following:

22           (a) A business or small business.

23           (b) The governing body of a municipality.

24           (c) A community-based organization.



1 (d) A cooperative or association incorporated under ch. 185 or organized under  
2 ch. 193.

3 (e) A local development corporation.

4 (f) A nonprofit organization whose primary purpose is to promote the economic  
5 development of or community development in a particular area or region in the state.

6 (8) "Governing body" means a county board, city council, village board, or town  
7 board.

8 (9) "Local development corporation" means any of the following:

9 (a) The elected governing body of a federally recognized American Indian tribe  
10 or band in this state or any business created by the elected governing body.

11 (b) A corporation organized under ch. 181 that is a nonprofit corporation, as  
12 defined in s. 181.0103 (17), that is at least 51 percent controlled and actively  
13 managed by minority group members, and that does all of the following:

14 1. Operates primarily within specific geographic boundaries.

15 2. Promotes economic development and employment opportunities for minority  
16 group members or minority businesses within the specific geographic area.

17 3. Demonstrates a commitment to or experience in promoting economic  
18 development and employment opportunities for minority group members or  
19 minority businesses.

20 (10) "Minority business" has the meaning given in s. 560.036 (1) (e).

21 (11) "Minority group member" has the meaning given in s. 560.036 (1) (f).

22 (12) "Municipality" means a county, city, village, or town.

23 (13) "Rural municipality" means any of the following:

24 (a) A municipality that is located in a county with a population density of less  
25 than 150 persons per square mile.

1 (b) A municipality with a population of 6,000 or less.

2 (14) "Small business" means a business with fewer than 100 employees,  
3 including employees of any subsidiary or affiliated organization.

4 **SECTION 33.** 560.301 of the statutes is created to read:

5 **560.301 Rules, policies, and standards for awarding grants and**  
6 **making loans.** The department, in consultation with the board, shall promulgate  
7 rules that establish procedures, policies, and standards for implementing this  
8 subchapter and awarding grants and making loans under this subchapter. The rules  
9 shall include all of the following:

10 (1) A statement of the department's economic development objectives for the  
11 program under this subchapter, together with the goals and accountability measures  
12 required under s. 560.01 (2) (ae).

13 (2) The methodology for designating an area as economically distressed. The  
14 methodology under this subsection shall require the department to consider the most  
15 current data available for the area and for the state on the following indicators:

16 (a) Unemployment rate.

17 (b) Percentage of families with incomes below the poverty line established  
18 under 42 USC 9902 (2).

19 (c) Median family income.

20 (d) Median per capita income.

21 (e) Average annual wage.

22 (f) Real property values.

23 (g) Other significant or irregular indicators of economic distress, such as a  
24 natural disaster.

1           (3) Provisions for the development of a biennial plan for awarding grants and  
2       making loans under this subchapter, before the commencement of each  
3       odd-numbered fiscal year, and for the submission of the biennial plan to the governor  
4       and the chief clerk of each house of the legislature for distribution to the appropriate  
5       standing committees under s. 13.172 (3).

6           (4) Procedures related to grants and loans under s. 560.304 for all of the  
7       following:

8           (a) Submitting applications for grants and loans.

9           (b) Evaluating applications.

10          (c) Monitoring project performance.

11          (d) Auditing the grants and loans.

12          (5) Conditions applicable to a grant awarded or loan made under s. 560.304.

13          (6) Procedures for monitoring the use of grants awarded and loans made under  
14       this subchapter, including procedures for verification of economic growth, job  
15       creation, and the number and percentage of newly created jobs for which state  
16       residents are hired.

17       **SECTION 34.** 560.302 of the statutes is created to read:

18       **560.302 Grant and loan criteria.** Upon receipt of an application by an  
19       eligible recipient, the department may consider any of the following in determining  
20       whether to award a grant or make a loan under s. 560.304:

21           (1) Whether the eligible activity proposed to be conducted by the eligible  
22       recipient serves a public purpose.

23           (2) Whether the eligible activity proposed to be conducted by the eligible  
24       recipient will retain or increase employment in this state.

1           (3) Whether the eligible activity proposed to be conducted by the eligible  
2 recipient is likely to occur without the grant or loan.

3           (4) Whether and the extent to which the eligible activity proposed to be  
4 conducted by the eligible recipient will contribute to the economic growth of this state  
5 and the well-being of residents of this state.

6           (5) Whether the eligible activity proposed to be conducted by the eligible  
7 recipient will be located in an economically distressed area.

8           (6) The economic condition of the community in which the eligible activity  
9 proposed to be conducted by the eligible recipient is proposed to occur.

10          (7) The potential of the eligible activity proposed to be conducted by the eligible  
11 recipient to promote the employment of minority group members.

12          (8) Any other criteria established by the department by rule, including the  
13 types of projects that are eligible for funding and the types of eligible projects that  
14 will receive priority.

15          **SECTION 35.** 560.303 of the statutes is created to read:

16          **560.303 Miscellaneous and administrative expenditures.** In each  
17 biennium, the department may expend or encumber up to a total of 1 percent of the  
18 moneys appropriated under s. 20.143 (1) (fi) for that biennium for any of the  
19 following:

20          (1) Evaluations of proposed technical research projects.

21          (3) Evaluation costs, collection costs, foreclosure costs, and other costs  
22 associated with administering the loan portfolio under this subchapter, excluding  
23 staff salaries.

24          **SECTION 36.** 560.304 of the statutes is created to read:

1           **560.304 Forward innovation fund.** The department may award a grant or  
2           make a loan to an eligible recipient from the appropriations under s. 20.143 (1) (fi)  
3           (gm), and (io). The department shall consult with the board prior to awarding a grant  
4           or making a loan under this section.

5           **SECTION 37.** 560.305 of the statutes is created to read:

6           **560.305 Administration.** (1) The department, in cooperation with the board,  
7           shall encourage small businesses to apply for grants and loans under this subchapter  
8           by ensuring that there are no undue impediments to their participation and by  
9           actively encouraging small businesses to apply for grants and loans. The department  
10          shall do all of the following:

11           (a) Publish and disseminate information about projects that may be funded by  
12          a grant or loan under s. 560.304 and about procedures for applying for grants and  
13          loans under s. 560.304.

14           (b) Simplify the application and review procedures for small businesses so that  
15          they will not impose unnecessary administrative burdens on small businesses.

16           (c) Assist small businesses in preparing applications for grants and loans.

17           **(2)** The department may charge a grant or loan recipient an origination fee of  
18          not more than 2 percent of the grant or loan amount if the grant or loan equals or  
19          exceeds \$100,000. The department shall deposit all origination fees collected under  
20          this subsection into the appropriation account under s. 20.143 (1) (gm).

21           **(3)** The board shall develop a policy relating to obtaining reimbursement of  
22          grants and loans provided under this subchapter. The policy may provide that  
23          reimbursement shall be obtained through full repayment of the principal amount of  
24          the grant or loan plus interest, through receipt of a share of future profits from or an  
25          interest in a product or process, or through any other appropriate means.

1           (4) The board shall require, as a condition of a grant or loan, that a recipient  
2           contribute to a project an amount that is not less than 25 percent of the amount of  
3           the grant or loan.

4           **SECTION 38.** 560.60 (1s) of the statutes is amended to read:

5           560.60 (1s) "Board" means the ~~development finance~~ economic policy board  
6           created under s. 15.155 (1) (2).

7           **SECTION 39.** Subchapter VII of chapter 560 [precedes 560.80] of the statutes  
8           is repealed.

9           **SECTION 9110. Nonstatutory provisions; Commerce.**

10          (1) FORWARD INNOVATION FUND; EMERGENCY RULES. The department of commerce  
11          may use the procedure under section 227.24 of the statutes to promulgate rules  
12          under section 560.301 of the statutes, as created by this act. Notwithstanding section  
13          227.24 (1) (c) and (2) of the statutes, emergency rules promulgated under this  
14          subsection remain in effect until July 1, 2010, or the date on which permanent rules  
15          take effect, whichever is sooner. Notwithstanding section 227.24 (1) (a) and (3) of the  
16          statutes, the department is not required to provide evidence that promulgating a rule  
17          under this subsection as an emergency rule is necessary for the preservation of the  
18          public peace, health, safety, or welfare and is not required to provide a finding of  
19          emergency for a rule promulgated under this subsection.

20          (2) FORWARD INNOVATION FUND; ECONOMIC IMPACT REPORT. Notwithstanding  
21          sections 227.137 (2) and 227.138 (2) of the statutes, if the secretary of administration  
22          requires the department of commerce to prepare an economic impact report for the  
23          rules required under section 560.301 of the statutes, as created by this act, the  
24          department may submit the proposed rules to the legislature for review under  
25          section 227.19 (2) of the statutes before the department completes the economic

1 impact report and before the department receives a copy of the report and approval  
2 under section 227.138 (2) of the statutes.

3 **SECTION 9210. Fiscal changes; Commerce.**

4 (1) TRANSFER FROM MINORITY BUSINESS GRANTS AND LOANS PROGRAM TO FORWARD  
5 INNOVATION FUND PROGRAM. The unencumbered balance in the appropriation account  
6 under section 20.143 (1) (im), 2007 stats., is transferred to the appropriation account  
7 under section 20.143 (1) (io) of the statutes, as created by this act.

8 (2) TRANSFER FROM RURAL ECONOMIC DEVELOPMENT PROGRAM TO FORWARD  
9 INNOVATION FUND PROGRAM. The unencumbered balance in the appropriation account  
10 under section 20.143 (1) (ir), 2007 stats., is transferred to the appropriation account  
11 under section 20.143 (1) (io) of the statutes, as created by this act.

12

(END)

**2009-2010 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-1578/P6ins  
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**INSERT 4-8**

**SECTION 4** 20.143 (1) (im) of the statutes is amended to read:

20.143 (1) (im) *Minority business projects; repayments.* All moneys received on

S. 560.82 (1m) or before June 30, 2009, in repayment of grants or loans under s. 560.82 (1m) (b) and

(c), 2007 stats., and loans under 1997 Wisconsin Act 9, section 3, to be used for grants

and loans under s. 560.82, ~~the grant under 2001 Wisconsin Act 16, section 9110 (7g),~~

~~and the loans under 1997 Wisconsin Act 9, section 3 subch. II of ch. 560.~~

**History:** 1979 c. 361; 1981 c. 20, 21, 349; 1983 a. 27, 83, 192, 381; 1985 a. 29 ss. 169 to 204, 3202 (14); 1985 a. 120, 332, 334; 1987 a. 27, 109, 317, 318, 399, 403; 1989 a. 31, 185, 237, 317, 325, 335, 336, 342, 359; 1991 a. 39, 259, 261, 269, 315; 1993 a. 5, 16, 75, 110, 232, 437; 1995 a. 27 ss. 483, 505 to 517, 608s, 609g, 609j, 964, 965, 977, 987, 988, 990 to 993, 1080b, 1085b, 1086b, 9116 (5); 1995 a. 116, 119, 216, 227; 1997 a. 9, 27, 35, 215, 237, 252, 310; 1999 a. 9, 84, 106, 185, 186; 2001 a. 16, 109; 2003 a. 33 ss. 292c to 297m, 593 to 600, 602 to 604; 2003 a. 255, 256; 2005 a. 25 ss. 150m to 156t, 331; 2005 a. 45, 358; 2007 a. 20, 125, 225; s. 13.92 (2) (i).

**INSERT 4-15**

**SECTION 2** 20.143 (1) (ir) of the statutes is amended to read:

20.143 (1) (ir) *Rural economic development loan repayments.* All moneys

received on or before June 30, 2009, in repayment of loans under s. 560.17, 2007

stats., to be used for grants and loans under s. 560.17 subch. II of ch. 560.

**History:** 1979 c. 361; 1981 c. 20, 21, 349; 1983 a. 27, 83, 192, 381; 1985 a. 29 ss. 169 to 204, 3202 (14); 1985 a. 120, 332, 334; 1987 a. 27, 109, 317, 318, 399, 403; 1989 a. 31, 185, 237, 317, 325, 335, 336, 342, 359; 1991 a. 39, 259, 261, 269, 315; 1993 a. 5, 16, 75, 110, 232, 437; 1995 a. 27 ss. 483, 505 to 517, 608s, 609g, 609j, 964, 965, 977, 987, 988, 990 to 993, 1080b, 1085b, 1086b, 9116 (5); 1995 a. 116, 119, 216, 227; 1997 a. 9, 27, 35, 215, 237, 252, 310; 1999 a. 9, 84, 106, 185, 186; 2001 a. 16, 109; 2003 a. 33 ss. 292c to 297m, 593 to 600, 602 to 604; 2003 a. 255, 256; 2005 a. 25 ss. 150m to 156t, 331; 2005 a. 45, 358; 2007 a. 20, 125, 225; s. 13.92 (2) (i).



**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-1578/P6dn

TKK:wlj:rs

February 4, 2009

Date

stays

continues to

This draft reconciles LRB-1578/P3 and LRB-0276/3. Both of these drafts should continue to appear in the compiled bill.

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**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-1578/P7dn  
TKK:wljjf

February 16, 2009

This draft continues to reconcile LRB-1578/P3 and LRB-0276/3. Both of these drafts should continue to appear in the compiled bill.

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State of Wisconsin  
2009 - 2010 LEGISLATURE

LRB-1578/P7  
TKK&CTS:wlj:jf

DOA:.....Weidner, BB0434 - Forward Innovation Fund

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

1     **AN ACT ...; relating to:** the budget.

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*Analysis by the Legislative Reference Bureau*  
**COMMERCE AND ECONOMIC DEVELOPMENT**

**ECONOMIC DEVELOPMENT**

Under current law, the Department of Commerce (Commerce) may award grants under the Community-Based Economic Development Program to community-based organizations and political subdivisions. Recipients of a grant under this program must undertake certain eligible activities, which include providing assistance to businesses and entrepreneurs that will, in turn, provide jobs in the community.

Under current law, at the request of the Rural Economic Development Board in Commerce, Commerce may award grants or loans under the Rural Economic Development Program to a business located in a rural municipality if the business is starting or expanding its operations and agrees to use the grant or loan to undertake certain eligible activities.

Under current law, the Minority Business Development Board in Commerce may award a grant or loan under the Minority Business Grant and Loan Program to a minority group member, a minority business, certain nonprofit organizations, or private financial institutions. The recipient of a grant or loan under the Minority Business Grant and Loan Program must agree to undertake certain eligible activities, which includes education and training projects or the start-up, expansion, or acquisition of a business.

Under current law, the Development Finance Board in Commerce awards grants under the Wisconsin Development Fund program.

This bill eliminates the Community-Based Economic Development Program, the Rural Economic Development Program and Rural Economic Development Board, the Minority Business Grant and Loan Program and Minority Business Development Board, and the Development Finance Board. The bill creates the Economic Policy Board. The responsibilities of the Development Finance Board will be assumed by the Economic Policy Board (board), which will have the following members:

1. The secretary of Commerce or his or her designee.
2. The secretary of DWD or his or her designee.
3. The director of the Technical College System or his or her designee.
4. Six other members nominated by the governor, and with the advice and consent of the senate, appointed, for two-year terms. These members shall represent the scientific, technical, labor, small business, minority business, rural, and financial communities of this state.
5. One member appointed by the speaker of the assembly.
6. One member appointed by the senate majority leader.

The bill also creates the forward innovation fund (FIF). Under the FIF, Commerce may, in consultation with the board, award grants or make loans to the following eligible recipients to undertake certain eligible activities:

1. Businesses.
2. Municipalities.
3. Community-based organizations.
4. Cooperative associations.
5. Local development corporations.
6. Nonprofit organizations working on economic or community development.

Eligible activities under the FIF include:

1. The start-up, expansion, or retention of minority businesses.
2. The start-up, expansion, or retention of businesses in economically distressed areas.
3. Innovative proposals to strengthen inner cities.
4. Innovative proposals to strengthen rural communities.
5. Innovative programs to strengthen clusters.
6. Innovative proposals to strengthen entrepreneurship.

Recipients of a grant or loan from the FIF must provide a 25 percent match. Commerce must promulgate rules to implement and administer the FIF.

Under current law, Commerce may award grants to the Wisconsin Business Initiative Corporation (WBIC) from the Community-Based Economic Development appropriation account. This bill creates an appropriation account for grants to the WBIC.

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1       **SECTION 1.** 15.155 (1) of the statutes is repealed.

2       **SECTION 2.** 15.155 (2) of the statutes is created to read:

3       15.155 (2) ECONOMIC POLICY BOARD. (a) There is created an economic policy  
4 board attached to the department of commerce under s. 15.03 consisting of all of the  
5 following:

6       1. The secretary of commerce or the secretary's designee.

7       2. The secretary of workforce development or the secretary's designee.

8       3. The director of the technical college system or the director's designee.

9       4. Six other members nominated by the governor, and with the advice and  
10 consent of the senate appointed, for 2-year terms.

11       5. One member appointed by the speaker of the assembly.

12       6. One member appointed by the senate majority leader.

13       (b) The members appointed under par. (a) 4. shall represent the scientific,  
14 technical, labor, small business, minority business, as defined in s. 560.036 (1) (e),  
15 rural, and financial communities of this state.

16       **SECTION 3.** 15.155 (3) of the statutes is repealed.

17       **SECTION 4.** 15.155 (4) of the statutes is repealed.

18       **SECTION 5.** 20.143 (1) (er) of the statutes is repealed.

      \*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

19       **SECTION 6.** 20.143 (1) (fg) of the statutes is repealed.

      \*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

1       **SECTION 7.** 20.143 (1) (fi) of the statutes is created to read:

2       20.143 (1) (fi) *Forward innovation fund; grants and loans.* Biennially, the  
3 amounts in the schedule for grants and loans under subch. II of ch. 560.

      \*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be  
reflected in the revised schedule in s. 20.005, stats.

4       **SECTION 8.** 20.143 (1) (fm) of the statutes is repealed.

      \*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be  
reflected in the revised schedule in s. 20.005, stats.

5       **SECTION 9.** 20.143 (1) (fw) of the statutes is created to read:

6       20.143 (1) (fw) *Women's business initiative corporation.* The amounts in the  
7 schedule for grants to the women's business initiative corporation under s. 560.037.

      \*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be  
reflected in the revised schedule in s. 20.005, stats.

8       **SECTION 10.** 20.143 (1) (im) of the statutes is amended to read:

9       20.143 (1) (im) *Minority business projects; repayments.* All moneys received on  
10 or before June 30, 2009, in repayment of grants or loans under s. 560.82 (1m) (b), 2007  
11 stats., and s. 560.82 (1m) (c), 2007 stats., and loans under 1997 Wisconsin Act 9,  
12 section 3, to be used for grants and loans under ~~s. 560.82, the grant under 2001~~  
13 ~~Wisconsin Act 16, section 9110 (7g), and the loans under 1997 Wisconsin Act 9,~~  
14 ~~section 3 subch. II of ch. 560.~~

      \*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be  
reflected in the revised schedule in s. 20.005, stats.

15       **SECTION 11.** 20.143 (1) (io) of the statutes is created to read:

16       20.143 (1) (io) *Grant and loan repayments; forward innovation fund.* All  
17 moneys received in repayment of grants or loans under subch. II of ch. 560, loans  
18 under 1997 Wisconsin Act 9, section 3, and, on or after July 1, 2009, loans under s.  
19 560.17, 2007 stats., and grants or loans under s. 560.82 (1m) (b) and (c), 2007 stats.,  
20 to be used for grants and loans under subch. II of ch. 560.

\*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

1           **SECTION 12.** 20.143 (1) (ir) of the statutes is amended to read:

2           20.143 (1) (ir) *Rural economic development loan repayments.* All moneys  
3 received on or before June 30, 2009, in repayment of loans under s. 560.17, 2007  
4 stats., to be used for grants and loans under s. ~~560.17~~ subch. II of ch. 560.

\*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

5           **SECTION 13.** 25.17 (59) of the statutes is repealed.

6           **SECTION 14.** 34.045 (1m) of the statutes is repealed.

7           **SECTION 15.** 34.05 (1) of the statutes is amended to read:

8           34.05 (1) ~~Except as provided in sub. (4), the~~ The governing board of each public  
9 depositor shall, by resolution, designate one or more public depositories, organized  
10 and doing business under the laws of this state or federal law and located in this  
11 state, in which the treasurer of the governing board shall deposit all public moneys  
12 received by him or her and specify whether the moneys shall be maintained in time  
13 deposits subject to the limitations of s. 66.0603 (1m), demand deposits, or savings  
14 deposits and whether a surety bond or other security shall be required to be  
15 furnished under s. 34.07 by the public depository to secure the repayment of such  
16 deposits. A designation of a public depository by the governing board shall be a  
17 designation of the public depository for all treasurers of the governing board and for  
18 all public depositors for which each treasurer shall act.

19           **SECTION 16.** 34.05 (4) of the statutes is repealed.

20           **SECTION 17.** 38.04 (4) (ag) of the statutes is amended to read:

21           38.04 (4) (ag) A program approved by the development finance economic policy  
22 board under subch. ~~IV~~ V of ch. 560 is exempt from board approval under par. (a).

1           **SECTION 18.** 66.1305 (2) (a) 2. of the statutes is repealed and recreated to read:

2           66.1305 (2) (a) 2. "Technology-based incubator" means a facility that provides  
3 a new or expanding technically-oriented business with all of the following:

4           a. Office and laboratory space.

5           b. Shared clerical and other support service.

6           c. Managerial and technical assistance.

7           **SECTION 19.** 66.1305 (2) (c) 3. of the statutes is repealed.

8           **SECTION 20.** 66.1333 (2m) (d) 8. of the statutes is amended to read:

9           66.1333 (2m) (d) 8. Studying the feasibility of an initial design for a  
10 technology-based incubator, and developing and operating a technology-based  
11 incubator ~~and applying for a grant under s. 560.14 (3) in connection with a~~  
12 ~~technology-based incubator.~~

13           **SECTION 21.** 66.1333 (2m) (t) of the statutes is repealed and recreated to read:

14           66.1333 (2m) (t) "Technology-based incubator" means a facility that provides  
15 a new or expanding technically-oriented business with all of the following:

16           1. Office and laboratory space.

17           2. Shared clerical and other support service.

18           3. Managerial and technical assistance.

19           **SECTION 22.** 84.185 (1) (ce) of the statutes is amended to read:

20           84.185 (1) (ce) "Job" ~~has the meaning specified in s. 560.17 (1) (bm)~~ means a  
21 position providing full-time equivalent employment. "Job" does not include initial  
22 training before an employment position begins.

23           **SECTION 23.** 560.031 of the statutes is amended to read:

24           **560.031 Grants for ethanol production facilities.** Notwithstanding ss. s.  
25 560.138 (2) (a) ~~and 560.17 (3)~~, the department may not make a grant for an ethanol



1 production facility on which construction begins after July 27, 2005, unless a  
2 competitive bidding process is used for the construction of the ethanol production  
3 facility.

4 **SECTION 24.** 560.037 (1) (intro.) of the statutes is amended to read:

5 560.037 (1) (intro.) Subject to sub. (3), the department may make grants from  
6 the appropriation under s. 20.143 (1) (~~fg~~) (fw) to the women's business initiative  
7 corporation to fund its operating costs if all of the following apply:

8 **SECTION 25.** 560.126 (2) (b) 2. of the statutes is amended to read:

9 560.126 (2) (b) 2. Whether the applicant is a small business, a minority ~~owned~~  
10 business under s. ~~560.80 (8)~~ 560.036 (1) (e), a locally owned business, or a farm.

11 **SECTION 26.** 560.13 (2) (b) 1. of the statutes is amended to read:

12 560.13 (2) (b) 1. The contribution required under par. (a) 3. may be in cash or  
13 in-kind. Cash contributions may be of private or public funds, excluding funds  
14 obtained under ~~the program under s. 560.17 or under~~ any program under subch. II  
15 or V or VII of this chapter. In-kind contributions shall be limited to actual  
16 remediation services.

17 **SECTION 27.** 560.138 (1) (at) of the statutes is renumbered 560.138 (1) (at)  
18 (intro.) and amended to read:

19 560.138 (1) (at) (intro.) "Professional services" ~~has the meaning given in s.~~  
20 ~~560.17 (1) (e).~~ includes all of the following:

21 **SECTION 28.** 560.138 (1) (at) 1., 2., 3. and 4. of the statutes are created to read:

22 560.138 (1) (at) 1. Preparing preliminary feasibility studies, feasibility studies,  
23 or business and financial plans.

24 2. Providing a financial package.

25 3. Performing engineering studies, appraisals, or marketing assistance.

1           4. Providing related legal, accounting, or managerial services.

2           **SECTION 29.** 560.14 of the statutes is repealed.

3           **SECTION 30.** 560.17 of the statutes is repealed.

4           **SECTION 31.** Subchapter II of chapter 560 [precedes 560.30] of the statutes is  
5 created to read:

6   **CHAPTER 560**

7   SUBCHAPTER II

8   FORWARD INNOVATION FUND

9           **SECTION 32.** 560.30 of the statutes is created to read:

10          **560.30 Definitions.** In this subchapter:

11          (1) "Board" means the economic policy board created under s. 15.155 (2).

12          (2) "Business" means a company located in this state, a company that has made  
13 a firm commitment to locate a facility in this state, or a group of companies at least  
14 80 percent of which are located in this state.

15          (3) "Cluster" means a geographic, categorical, horizontal, or vertical  
16 concentration of interconnected, interdependent, or synergistic businesses,  
17 industries, research centers, or venues for the performance, creation, or display of  
18 the arts.

19          (4) "Community-based organization" means an organization that is involved  
20 in economic development and helps businesses that are likely to employ persons.

21          (5) "Economically distressed area" means an area designated by the  
22 department using the methodology established by rule under s. 560.301 (2).

23          (6) "Eligible activity" means any of the following:

24          (a) The start-up, expansion, or retention of minority businesses.

1 (b) The start-up, expansion, or retention of businesses in economically  
2 distressed areas.

3 (c) Innovative proposals to strengthen inner cities.

4 (d) Innovative proposals to strengthen communities in rural municipalities.

5 (e) Innovative programs to strengthen clusters.

6 (f) Innovative proposals to strengthen entrepreneurship.

7 **(7)** "Eligible recipient" means any of the following:

8 (a) A business or small business.

9 (b) The governing body of a municipality.

10 (c) A community-based organization.

11 (d) A cooperative or association incorporated under ch. 185 or organized under  
12 ch. 193.

13 (e) A local development corporation.

14 (f) A nonprofit organization whose primary purpose is to promote the economic  
15 development of or community development in a particular area or region in the state.

16 **(8)** "Governing body" means a county board, city council, village board, or town  
17 board.

18 **(9)** "Local development corporation" means any of the following:

19 (a) The elected governing body of a federally recognized American Indian tribe  
20 or band in this state or any business created by the elected governing body.

21 (b) A corporation organized under ch. 181 that is a nonprofit corporation, as  
22 defined in s. 181.0103 (17), that is at least 51 percent controlled and actively  
23 managed by minority group members, and that does all of the following:

24 1. Operates primarily within specific geographic boundaries.

1           2. Promotes economic development and employment opportunities for minority  
2 group members or minority businesses within the specific geographic area.

3           3. Demonstrates a commitment to or experience in promoting economic  
4 development and employment opportunities for minority group members or  
5 minority businesses.

6           (10) "Minority business" has the meaning given in s. 560.036 (1) (e).

7           (11) "Minority group member" has the meaning given in s. 560.036 (1) (f).

8           (12) "Municipality" means a county, city, village, or town.

9           (13) "Rural municipality" means any of the following:

10          (a) A municipality that is located in a county with a population density of less  
11 than 150 persons per square mile.

12          (b) A municipality with a population of 6,000 or less.

13          (14) "Small business" means a business with fewer than 100 employees,  
14 including employees of any subsidiary or affiliated organization.

15          **SECTION 33.** 560.301 of the statutes is created to read:

16          **560.301 Rules, policies, and standards for awarding grants and**  
17 **making loans.** The department, in consultation with the board, shall promulgate  
18 rules that establish procedures, policies, and standards for implementing this  
19 subchapter and awarding grants and making loans under this subchapter. The rules  
20 shall include all of the following:

21          (1) A statement of the department's economic development objectives for the  
22 program under this subchapter, together with the goals and accountability measures  
23 required under s. 560.01 (2) (ae).

1           **(2)** The methodology for designating an area as economically distressed. The  
2 methodology under this subsection shall require the department to consider the most  
3 current data available for the area and for the state on the following indicators:

4           (a) Unemployment rate.

5           (b) Percentage of families with incomes below the poverty line established  
6 under 42 USC 9902 (2).

7           (c) Median family income.

8           (d) Median per capita income.

9           (e) Average annual wage.

10          (f) Real property values.

11          (g) Other significant or irregular indicators of economic distress, such as a  
12 natural disaster.

13           **(3)** Provisions for the development of a biennial plan for awarding grants and  
14 making loans under this subchapter, before the commencement of each  
15 odd-numbered fiscal year, and for the submission of the biennial plan to the governor  
16 and the chief clerk of each house of the legislature for distribution to the appropriate  
17 standing committees under s. 13.172 (3).

18           **(4)** Procedures related to grants and loans under s. 560.304 for all of the  
19 following:

20          (a) Submitting applications for grants and loans.

21          (b) Evaluating applications.

22          (c) Monitoring project performance.

23          (d) Auditing the grants and loans.

24          **(5)** Conditions applicable to a grant awarded or loan made under s. 560.304.

1           **(6)** Procedures for monitoring the use of grants awarded and loans made under  
2 this subchapter, including procedures for verification of economic growth, job  
3 creation, and the number and percentage of newly created jobs for which state  
4 residents are hired.

5           **SECTION 34.** 560.302 of the statutes is created to read:

6           **560.302 Grant and loan criteria.** Upon receipt of an application by an  
7 eligible recipient, the department may consider any of the following in determining  
8 whether to award a grant or make a loan under s. 560.304:

9           **(1)** Whether the eligible activity proposed to be conducted by the eligible  
10 recipient serves a public purpose.

11           **(2)** Whether the eligible activity proposed to be conducted by the eligible  
12 recipient will retain or increase employment in this state.

13           **(3)** Whether the eligible activity proposed to be conducted by the eligible  
14 recipient is likely to occur without the grant or loan.

15           **(4)** Whether and the extent to which the eligible activity proposed to be  
16 conducted by the eligible recipient will contribute to the economic growth of this state  
17 and the well-being of residents of this state.

18           **(5)** Whether the eligible activity proposed to be conducted by the eligible  
19 recipient will be located in an economically distressed area.

20           **(6)** The economic condition of the community in which the eligible activity  
21 proposed to be conducted by the eligible recipient is proposed to occur.

22           **(7)** The potential of the eligible activity proposed to be conducted by the eligible  
23 recipient to promote the employment of minority group members.

1           (8) Any other criteria established by the department by rule, including the  
2 types of projects that are eligible for funding and the types of eligible projects that  
3 will receive priority.

4           **SECTION 35.** 560.303 of the statutes is created to read:

5           **560.303 Miscellaneous and administrative expenditures.** In each  
6 biennium, the department may expend or encumber up to a total of 1 percent of the  
7 moneys appropriated under s. 20.143 (1) (fi) for that biennium for any of the  
8 following:

9           (1) Evaluations of proposed technical research projects.

10          (3) Evaluation costs, collection costs, foreclosure costs, and other costs  
11 associated with administering the loan portfolio under this subchapter, excluding  
12 staff salaries.

13          **SECTION 36.** 560.304 of the statutes is created to read:

14          **560.304 Forward innovation fund.** The department may award a grant or  
15 make a loan to an eligible recipient from the appropriations under s. 20.143 (1) (fi)  
16 (gm), and (io). The department shall consult with the board prior to awarding a grant  
17 or making a loan under this section.

18          **SECTION 37.** 560.305 of the statutes is created to read:

19          **560.305 Administration.** (1) The department, in cooperation with the board,  
20 shall encourage small businesses to apply for grants and loans under this subchapter  
21 by ensuring that there are no undue impediments to their participation and by  
22 actively encouraging small businesses to apply for grants and loans. The department  
23 shall do all of the following:

1 (a) Publish and disseminate information about projects that may be funded by  
2 a grant or loan under s. 560.304 and about procedures for applying for grants and  
3 loans under s. 560.304.

4 (b) Simplify the application and review procedures for small businesses so that  
5 they will not impose unnecessary administrative burdens on small businesses.

6 (c) Assist small businesses in preparing applications for grants and loans.

7 (2) The department may charge a grant or loan recipient an origination fee of  
8 not more than 2 percent of the grant or loan amount if the grant or loan equals or  
9 exceeds \$100,000. The department shall deposit all origination fees collected under  
10 this subsection into the appropriation account under s. 20.143 (1) (gm).

11 (3) The board shall develop a policy relating to obtaining reimbursement of  
12 grants and loans provided under this subchapter. The policy may provide that  
13 reimbursement shall be obtained through full repayment of the principal amount of  
14 the grant or loan plus interest, through receipt of a share of future profits from or an  
15 interest in a product or process, or through any other appropriate means.

16 (4) The board shall require, as a condition of a grant or loan, that a recipient  
17 contribute to a project an amount that is not less than 25 percent of the amount of  
18 the grant or loan.

19 **SECTION 38.** 560.60 (1s) of the statutes is amended to read:

20 560.60 (1s) "Board" means the development finance economic policy board  
21 created under s. 15.155 ~~(1)~~ (2).

22 **SECTION 39.** Subchapter VII of chapter 560 [precedes 560.80] of the statutes  
23 is repealed.

24 **SECTION 9110. Nonstatutory provisions; Commerce.**



(1) FORWARD INNOVATION FUND; EMERGENCY RULES. The department of commerce may use the procedure under section 227.24 of the statutes to promulgate rules under section 560.301 of the statutes, as created by this act. Notwithstanding section 227.24 (1) (c) and (2) of the statutes, emergency rules promulgated under this subsection remain in effect until July 1, 2010, or the date on which permanent rules take effect, whichever is sooner. Notwithstanding section 227.24 (1) (a) and (3) of the statutes, the department is not required to provide evidence that promulgating a rule under this subsection as an emergency rule is necessary for the preservation of the public peace, health, safety, or welfare and is not required to provide a finding of emergency for a rule promulgated under this subsection.

(2) FORWARD INNOVATION FUND; ECONOMIC IMPACT REPORT. Notwithstanding sections 227.137 (2) and 227.138 (2) of the statutes, if the secretary of administration requires the department of commerce to prepare an economic impact report for the rules required under section 560.301 of the statutes, as created by this act, the department may submit the proposed rules to the legislature for review under section 227.19 (2) of the statutes before the department completes the economic impact report and before the department receives a copy of the report and approval under section 227.138 (2) of the statutes.

**(END)**